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## ILLINOIS ECONOMIC BULLETIN

### PAYROLL JOBS SET NEW RECORD IN ILLINOIS

Payroll jobs in Illinois rose to an all-time high in June, according to statistics released by the Illinois Department of Employment Security. IDES reported that the June statistics reflect a more stable labor market overall, with the unemployment rate holding steady and total employment up slightly. Solid gains in the Services, Construction, and Transportation sectors boosted total Illinois payrolls to a record 6.108 million jobs.

Despite a boost from federal sources, June state revenues were disappointing and FY'01 revenues fall short of projections. General funds revenue rose \$448 million in June, compared to the same month a year ago. However, despite a surprisingly strong month for federal sources (up \$260 million), a weak showing from personal income taxes (up only \$15 million), corporate income taxes (down \$42 million), and sales taxes (down \$28 million) resulted in another disappointing month for revenues. For the year, overall revenues fell short of the Illinois Economic and Fiscal Commission's estimate by only \$39 million, while falling \$124 million short of the Illinois Bureau of the Budget's forecast.

The University of Illinois Flash Index of Economic Growth was again below the 100 mark in June, continuing its sluggish performance. The Flash Index fell to 98.4, down from the previous month's level of 98.9. A year ago the Index stood at 102.7. According to U of I economists, the fact that the Index has declined steadily in recent months still does not indicate that we are in a recession, which is defined as two consecutive quarters of negative growth. Most forecasters expect slow growth to occur in the second half of 2001. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

Vol. 14, No. 1, July 2001

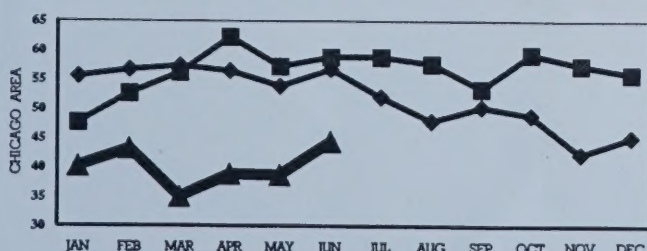
### RECENT IL INDICATORS

Unemployment Rate (June '01-SA)	5.2%
Labor Force (June '01-SA)	6,413,800
Labor Force Employed (June '01-SA)	6,078,200
Employment Change (Since June '00-SA)	-78,700
Consumer Price Index (June '00-June '01-Chicago)	1.8%
Purchasing Managers' Index (June '01-Chicago-SA)	44.4
Annual Rate of Inflation (May '01--Chicago)	9.4%
Total Export Growth (May '00-May '01)	4.7%
Single Family Housing Permits (May '00-May '01)	19.3%
New Car/Truck Registration (May '00-May '01)	11.4%

SA-Seasonally Adjusted  
AR-Annual Rate

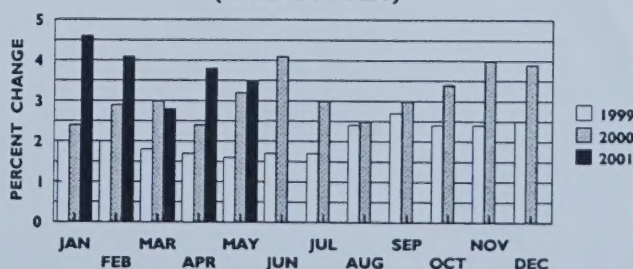
Chicago Purchasing Managers' Index

(>50 indicates economic expansion & <50 indicates economic contraction)



Source: National Association of Purchasing Managers-Chicago

CONSUMER PRICE INDEX  
(CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR



## ILLINOIS SCORES HIGH IN AMOUNT OF STATE PARK LAND AND VISITORS

For every 10,000 acres of total land, Illinois has 116 acres of state park land. This ratio is more than double the national average of 57 state park acres per 10,000 acres and ranks Illinois 13th in the nation. Illinois also ranks fifth in the number of visitors to its state parks with 41.891 million visitors in FY'99, behind California (76.7 million), New York (62 million), Ohio (60.2 million), and Washington (48.1 million). As you can see from the chart below, the highest ratios can be found in the Northeastern United States, while the lowest tend to be concentrated in the West.

Number of Acres of State Park Land per 10,000 Acres of Total Land, 1999					
Rank	State	# of Acres	Rank	State	# of Acres
1	New Jersey	723	26	South Carolina	42
2	Connecticut	581	27	Texas	37
3	Massachusetts	572	27	Wisconsin	37
4	Maryland	472	29	Missouri	31
5	New York	336	30	Virginia	30
6	Delaware	160	31	Nebraska	27
7	Florida	148	32	Utah	22
8	Vermont	141	33	Georgia	20
9	California	138	33	South Dakota	20
10	Rhode Island	131	35	Nevada	19
11	New Hampshire	130	35	Wyoming	19
12	West Virginia	127	37	Iowa	18
13	Illinois	116	38	Kentucky	17
14	Tennessee	108	39	Oklahoma	16
15	Pennsylvania	99	40	Alabama	15
16	Alaska	90	40	Arkansas	15
17	Ohio	78	40	Oregon	15
18	Indiana	77	43	Louisiana	13
19	Washington	62	44	New Mexico	12
20	Hawaii	60	45	Kansas	10
21	Colorado	52	46	Arizona	8
22	North Carolina	51	46	Idaho	8
23	Maine	48	46	Mississippi	8
23	Minnesota	48	49	Montana	6
25	Michigan	45	50	North Dakota	5

Source: Congressional Quarterly State Fact Finder, Rankings Across America, 2001

## ILLINOIS CENSUS 2000 HIGHLIGHTS

- From 1990 to 2000, Illinois' population grew by 8.6 percent to 12,419,293 people. Nationwide, the population grew by 13.1 percent to 281,421,906 persons.
- Illinois' median household income of \$41,179 was well above the national average of \$37,005.
- The 2000 Census found that 11.3 percent of Illinois citizens live below the poverty line, compared to 13.3 percent nationwide.
- Illinois' population per square mile is 223.4 people, compared to a national average of 79.6.

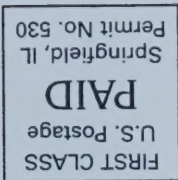
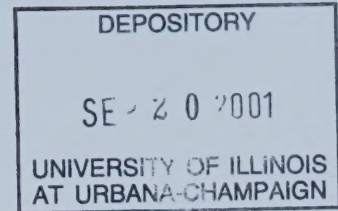
## DRI-WEFA - JULY 2001 U.S. ECONOMIC OUTLOOK

The latest DRI-WEFA forecast of the U.S. economy expects modest economic growth during the next year. After increasing at an annual rate of 1.3 percent during the second quarter of calendar year 2001, the growth rate for the U.S. real Gross Domestic Product is expected to vary between 1.8 percent and 2.7 percent during the following four quarters. After increasing at a 3.7 percent rate during the second quarter of 2001, the inflation rate is expected to decline to 2.6 percent during the third quarter of 2001 and fall below 2.0 percent during the following three quarters.

Note: This bulletin, along with previous editions, may be accessed at DCCA's Web site at: [www.commerce.state.il.us](http://www.commerce.state.il.us).

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George H. Ryan - Governor



Pam McDonough - Director

# ILLINOIS ECONOMIC BULLETIN

Construction, Services, Transportation, and Finance Sectors Gain Jobs

Vol. 14, No. 2, August 2001

Construction employment rose to a record high for the second month in a row in July and additional job gains were recorded in the services, transportation, and finance sectors. However, these gains were mostly offset by a continued decline in manufacturing and decreases in wholesale and retail trade. Overall, the employment picture was little changed in July when compared to the previous few months.

The University of Illinois Flash Index of Economic Growth fell slightly in July to 98.3 from its 98.4 reading in June, indicating a continuation in Illinois of a no-growth situation. This is the third month in a row with a sub-100 reading and the fourth in the last five months. According to U of I economist Fred Giertz, a period of watchful waiting continues, with the state economy hovering between recovery and recession. The economy in Illinois and the nation still has not experienced the expected rebound from the period of slow growth. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

Despite an extra receipting day in July, general funds revenues were down \$100 million or 5.9 percent in the first month of FY'02, as compared to the same month a year earlier. Most of that decline can be attributed to lower transfers and reduced federal receipts. The biggest deficit came from the inheritance tax, where receipts were off \$15 million. Corporate franchise taxes fell \$8 million, while public utility tax receipts dipped \$6 million. Revenues from sales tax, insurance tax, interest income, and other sources each fell \$3 million.

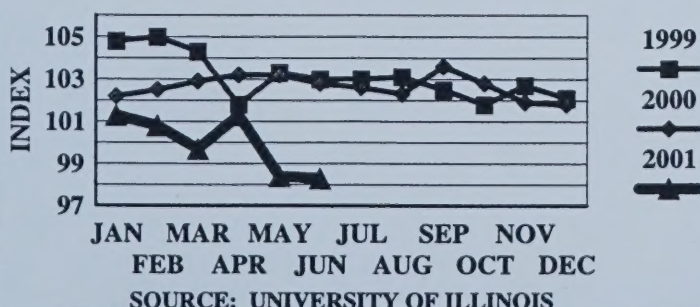
## RECENT IL INDICATORS

Unemployment Rate (July '01-SA)	5.3%
Labor Force (July '01-SA)	6,388,500
Labor Force Employed (July '01-SA)	6,051,100
Employment Change (Since July '00-SA)	-89,500
Consumer Price Index (July '00-July '01-Chicago)	1.8%
Purchasing Managers' Index (July '01-Chicago-SA)	38.0
Annual Rate of Inflation (June '00-June '01--Chicago)	-4.0%
Total Export Growth (June '00-June '01)	4.3%
Single Family Housing Permits (June '00-June '01)	14.4%
New Car/Truck Registration (June '00-June '01)	12.1%

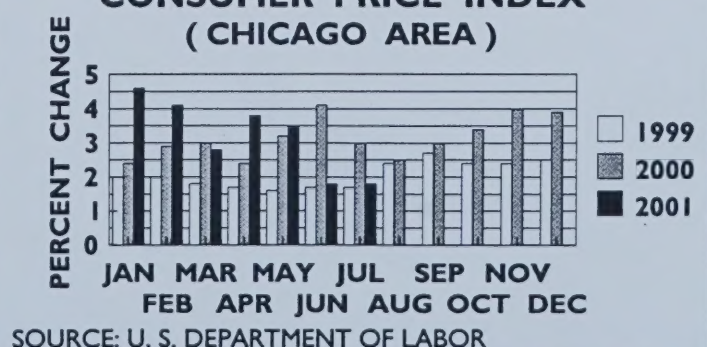
SA-Seasonally Adjusted  
AR-Annual Rate

## U of I "FLASH INDEX"

(>100=Economic Expansion & <100=Economic Contraction)



## CONSUMER PRICE INDEX (CHICAGO AREA)





MEASURING GROSS STATE PRODUCT

The Bureau of Economic Analysis (BEA) recently released new estimates of its Gross State Product (GSP) series for 1999. The following table shows the most recent rankings of state share of GSP. These calculations highlight the enormous size of California’s economy relative to the rest of the nation. The 25 smallest state economies combined were roughly equivalent to California’s in 1999--13.7% vs. 13.2%. The largest four states--California, New York, Texas, and Illinois--account for more than a third of the total U.S. GSP, while the top 10 states comprise well more than half.

1999 Gross State Product as a Percent of the U.S. Total					
RANK	STATE	% OF TOTAL	RANK	STATE	% OF TOTAL
1	California	13.2	26	Kentucky	1.22
2	New York	8.11	27	Oregon	1.18
3	Texas	7.38	28	South Carolina	1.15
4	Illinois	4.79	29	Oklahoma	0.93
5	Florida	4.76	30	Iowa	0.92
6	Pennsylvania	4.11	31	Kansas	0.87
7	Ohio	3.89	32	Nevada	0.75
8	New Jersey	3.56	33	Arkansas	0.7
9	Michigan	3.31	34	Mississippi	0.69
10	Georgia	2.96	35	Utah	0.67
11	Massachusetts	2.82	36	Nebraska	0.58
12	North Carolina	2.78	37	New Mexico	0.55
13	Virginia	2.6	38	New Hampshire	0.48
14	Washington	2.25	39	Hawaii	0.44
15	Indiana	1.96	39	West Virginia	0.44
16	Maryland	1.88	41	Delaware	0.37
17	Minnesota	1.86	41	Maine	0.37
18	Missouri	1.83	41	Idaho	0.37
18	Tennessee	1.83	44	Rhode Island	0.35
20	Wisconsin	1.79	45	Alaska	0.28
21	Colorado	1.65	46	South Dakota	0.23
22	Connecticut	1.63	47	Montana	0.22
23	Arizona	1.54	48	Wyoming	0.19
24	Louisiana	1.39	49	Vermont	0.18
25	Alabama	1.24	49	North Dakota	0.18

Source: State Policy Reports, Volume 19, Issue 13, July 2001

ILLINOIS HIGHLIGHTS

The typical Illinoisan makes more money than the average American but pays less in state taxes, according to personal income and state tax data recently released by the U.S. Department of Commerce. The average personal per capita income for an Illinois resident in 2000 was \$32,259, compared with the national average of \$29,676. Meanwhile, Illinois ranked below the national average in taxes funneled to state coffers in 2000: \$1,835 person. The national average was \$1,921.

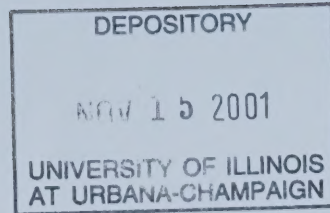
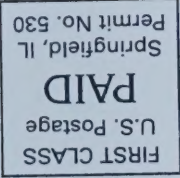
DRI-WEFA - THIRD QUARTER 2001 U.S. ECONOMIC OUTLOOK

DRI-WEFA expects that the economy will continue to skirt recession, with minimal growth through the third quarter. It forecasts a “U-shaped” recovery, as demand slowly reaccelerates and productivity growth begins to rise. From a regional perspective, the effects of the slowdown are being felt quite differently. Coastal and southern states are continuing to experience higher employment and growth rates than those located in the central part of the country, especially the Midwest, where the manufacturing sector is in a recession. The sharp slowdown in the high-tech sector, especially in telecommunications, has produced a significant easing of the labor market in such high-tech centers as Silicon Valley, Northern Virginia, and especially New England. The continued moderating of energy prices, such as for heating oil, will boost growth across the country during the second half of this year.

Correction: The July IEB incorrectly stated that per capita income figures are available based on Census 2000. In fact, the numbers given were based on 1997 projections, as personal income data is not yet available from the 2000 census. We apologize for the error.

Note: This bulletin, along with previous editions, may be accessed at DCCA’s Web site at: [www.commerce.state.il.us](http://www.commerce.state.il.us).





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# ILLINOIS ECONOMIC BULLETIN

*Terrorist Attacks Expected to Take Toll on Illinois Economy*

*Vol. 14, No. 3, September/October 2001*

Based on econometric modeling, DCCA forecasts that the events of September 11th will have a significant adverse impact on the Illinois economy during the final four months of 2001. The Gross Regional Product is expected to drop by \$1.9 billion, personal income by \$1.26 billion, employment by 31,250, state tax revenues by \$71.8 million, and local taxes will slow by \$66.7 million. The largest and most immediate cause of slower growth will be a significant reduction in consumer spending. Tourism has been and will be the most severely affected, with the impact on Illinois being disproportionately greater than most areas of the country because of tourism's significant role in the Illinois economy.

The state's unemployment rate remained unchanged at 5.5 percent in September. However, these statistics do not reflect the effects of September 11th, even though they occurred early in the month. Due to the time frame for gathering state and national survey data, job losses in the airline and tourism industries resulting from the attacks will be evidenced in statistics released in October and the following months.

Despite the devastating impact of the terrorist attacks, the University of Illinois Flash Index of Economic Growth rose slightly last month to 98.2 from 98.0 in August. However, according to U of I economist Fred Giertz, even with the small unexpected increase, the prospects for a national recession are much greater now than in the immediate past. The crucial question will be how long and deep the effects will be on consumer confidence and business decision-making. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is still expanding.

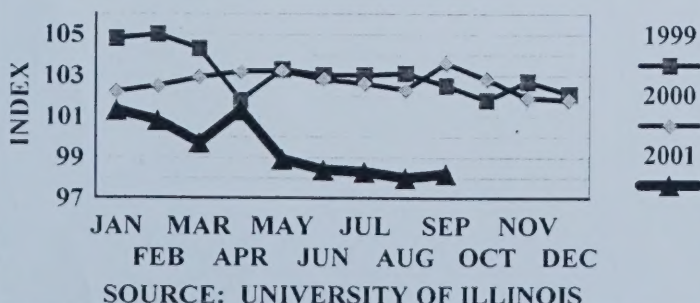
## RECENT IL INDICATORS

Unemployment Rate (September '01-SA)	5.5%
Labor Force (September '01-SA)	6,393,500
Labor Force Employed (September '01-SA)	6,042,100
Employment Change (Since September '00-SA)	+41,600
Consumer Price Index (Sept. '00-Sept. '01-Chicago)	0.9%
Purchasing Managers' Index (September '01-Chicago-SA)	46.6
Annual Rate of Inflation (August '01--Chicago)	2.7%
Total Export Growth (July '00-July '01)	-0.6%
Single Family Housing Permits (August '00-August '01)	5.3%
New Car/Truck Registration (August '00-August '01)	25.5%

SA-Seasonally Adjusted  
AR-Annual Rate

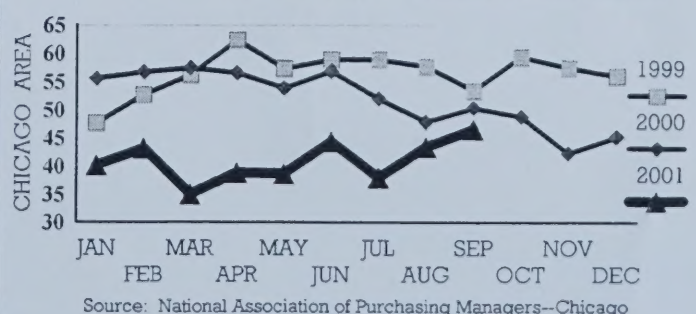
## U of I "FLASH INDEX"

(>100=Economic Expansion & <100=Economic Contraction)



## Chicago Purchasing Managers' Index

(>50 indicates economic expansion & <50 indicates economic contraction)





THE SALES TAX GROWTH SLUMP: HOW ILLINOIS STACKS UP

The Rockefeller Institute of Government recently released a study showing that, across the nation, the state sales tax growth rate is on the decline. According to the Institute, the sales tax growth rate declined an average of 2.7 percentage points in the 45 states that have a general sales tax. This is the slowest growth rate in nearly nine years. Interestingly, the decrease exhibited a regional pattern. As a whole, states in New England and the Southwest fared the best, while states in the Great Lakes and Plains regions fared much worse. The Institute believes that the downward trend is due to a number of factors, including the general slowing of the economy and a significant drop in consumer confidence.

Percentage Point Changes in Quarterly Sales Tax Growth Rate (1/1/99-6/30/00 vs. 7/1/00-3/31/01)			
State	Percentage Point Decline	State	Percentage Point Decline
Louisiana	8.4	National Average	2.7
New Mexico	7.3	Colorado	2.5
Vermont	6.7	South Carolina	2.5
Nebraska	6.6	Virginia	2.4
Ohio	6.2	New Jersey	2.3
Wyoming	6.2	California	2.1
Michigan	5.8	Iowa	2
Minnesota	5.8	Texas	2
Indiana	5.2	Massachusetts	1.9
Maine	5.2	North Dakota	1.4
Tennessee	5.2	West Virginia	1.2
Washington	5.2	Georgia	1.1
Florida	5.1	Missouri	1.1
Alabama	5.1	Oklahoma	0.8
Hawaii	4.9	Maryland	0.6
Mississippi	4.8	Connecticut	0.2
Wisconsin	4.8	Utah	0.2
Kansas	4.3	New York	0.1
Illinois	4.2	North Carolina	0.1
Pennsylvania	3.9	South Dakota	0.1
Arkansas	3.8	Alaska	N/A
Rhode Island	3.6	Delaware	N/A
Kentucky	3.3	Montana	N/A
Arizona	3.1	New Hampshire	N/A
Idaho	3	Oregon	N/A
Nevada	3		

SOURCE: THE ROCKEFELLER INSTITUTE STATE FISCAL NEWS: VOL. 1, NO. 2, JULY 9, 2001

ILLINOIS HIGHLIGHTS

- Plants, Sites and Parks magazine recently completed an update of its “Bizsites” database, which is a comprehensive examination of new office and industrial projects throughout the United States. Illinois ranks among the top 10 states for new business sites and facilities.
- Since the implementation of Governor Ryan’s Economic Development for a Growing Economy (EDGE) program in August 1999, Illinois has realized a better than 7-1 return on investment for the tax credits granted to companies under the program.

DRI-WEFA - OCTOBER 2001 U.S. FORECAST SUMMARY

As a result of the terrorist attacks, it no longer seems possible for the U.S. economy to escape a recession. The only question is how severe it will be. DRI-WEFA forecasts only a mild downturn. The recession could turn quite severe, however, if too many spending decisions are put on hold, or Congress cannot agree on the beneficiaries of its largesse. An escalation of military activities could also deepen any downturn. DRI-WEFA also projects that GDP growth for 2001 will come in at 1.0 percent, down from an earlier projected 1.9 percent. Next year will start out weak, then pick up steam as the federal spending machine revs up. The year as a whole will show growth of only 1.3 percent, however, because of the depressed fourth-quarter starting point.

Note: This bulletin, along with previous editions, may be accessed at DCCA’s Web site at: [www.commerce.state.il.us](http://www.commerce.state.il.us).



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**ILLINOIS ECONOMIC BULLETIN***Illinois Unemployment Rate Unchanged in October*

Vol. 14, No. 4, November 2001

The Illinois unemployment rate remained at 5.5% in October, the third straight month at that level. The Construction, Services, and Finance sectors maintained job gains from last October's levels, and air transportation gains over the past year continued to offset job losses in that sector since the events of September 11th. Losses in Manufacturing and Wholesale Trade accounted for the bulk of the overall jobs decline during the past year. The Illinois unemployment rate was within one tenth of a percentage point of the U.S. rate of 5.4%.

The Bureau of the Budget reports that actual state revenues in the first quarter of FY'02 were \$416 million less than they were estimated to be in July. About \$175 million of this revenue shortfall can be attributed to timing variances of federal revenues and other state tax revenues. Nonetheless, improved economic conditions are not expected soon, and projected revenues for FY'02 have been revised downward by \$350 million. State source revenues are expected to be \$450 million less than previously estimated, while federal aid is expected to be \$100 million higher than estimated in July.

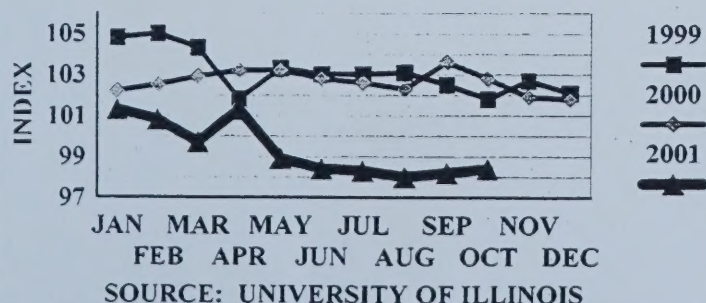
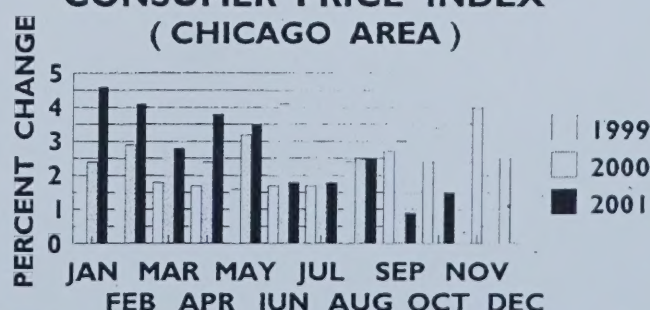
The University of Illinois Flash Index of Economic Growth rose slightly last month to 98.4 from 98.2 in September. Even though the October reading is low, the results can be viewed as good news, as the October index is the first that includes a full month of post-Sept. 11 data. This indicates that the Illinois economy did not suffer a precipitous decline as a result of the September terrorist attack. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is expanding, while a reading below 100 indicates contraction.

**RECENT IL INDICATORS**

Unemployment Rate (October '01-SA)	5.5%
Labor Force (October '01-SA)	6,384,700
Labor Force Employed (October '01-SA)	6,031,000
Employment Change (Since October '00-SA)	-98,500
CPI Percentage Change (Oct. '00-Oct. '01-Chicago)	1.5%
Purchasing Managers' Index (October '01-Chicago-SA)	46.2
Annual Rate of Inflation (September '01-Chicago)	10.7%
Total Export Growth (August '00-August '01)	-1.4%
Single Family Housing Permits (September '00-September '01)	-3.8%
New Car/Truck Registration (September '00-September '01)	-2.7%

SA-Seasonally Adjusted  
AR-Annual Rate**U of I "FLASH INDEX"**

(&gt;100=Economic Expansion &amp; &lt;100=Economic Contraction)

**CONSUMER PRICE INDEX  
(CHICAGO AREA)**



STATE PAYROLL COSTS LOWEST IN ILLINOIS

State Budget & Tax News recently reported that state payroll costs per capita were lower in Illinois than in any other state. Following is a chart of the per capita costs in all 50 states.

STATE GOVERNMENT PAYROLL COSTS PER CAPITA					
Rank	State	Cost Per Resident	Rank	State	Cost Per State Resident
1	Illinois	\$32.92	26	Arkansas	\$51.10
2	Florida	\$35.57	27	Oklahoma	\$51.23
3	Nevada	\$36.86	28	Virginia	\$51.92
4	Arizona	\$36.90	29	Mississippi	\$52.01
5	Ohio	\$38.28	30	Minnesota	\$52.65
6	Tennessee	\$38.49	31	South Dakota	\$52.72
7	Texas	\$39.00	32	Kentucky	\$53.91
8	Indiana	\$39.32	33	Massachusetts	\$54.38
9	Pennsylvania	\$41.02	34	Maryland	\$56.11
10	Georgia	\$41.43	35	Colorado	\$56.34
11	Nebraska	\$41.67	36	Montana	\$56.57
12	Missouri	\$42.32	37	Wyoming	\$57.59
13	Wisconsin	\$42.99	38	Louisiana	\$57.95
14	California	\$44.62	39	Utah	\$60.64
15	New Hampshire	\$44.65	40	New Jersey	\$62.77
16	North Carolina	\$45.02	41	Washington	\$63.31
17	Kansas	\$46.03	42	Iowa	\$64.15
18	South Carolina	\$46.07	43	North Dakota	\$66.28
19	Maine	\$46.20	44	Rhode Island	\$68.10
20	West Virginia	\$46.92	45	Vermont	\$69.51
National Average		\$47.10	46	New Mexico	\$72.03
21	Alabama	\$48.74	47	Connecticut	\$72.58
22	Oregon	\$48.88	48	Delaware	\$94.07
23	Idaho	\$49.53	49	Hawaii	\$130.95
24	New York	\$50.12	50	Alaska	\$136.48
25	Michigan	\$50.69			

SOURCE: STATE BUDGET & TAX NEWS, VOL. 20, NO. 19, OCTOBER 2001

ILLINOIS HIGHLIGHTS

- According to the McGraw-Hill Company, construction employment in Illinois reached nearly 300,000 in July of 2001, which is the highest it has been since sector employment tracking started in 1947. While total Illinois employment has increased by only 0.2% since October 1999, construction employment has grown by 6.5%.
- According to State Policy Reports, Illinois high school students ranked fifth in the nation with regard to combined math and verbal SAT scores in 2001. However, at the national level, 45% of graduating students took the SAT this year, while only 12% of Illinois students took it in 2001. Conversely, 38% of the nation's graduates took the ACT, whereas 72% took it in Illinois.

DRI-WEFA - NOVEMBER 2001 U.S. FORECAST SUMMARY

The U.S. economy almost certainly slipped into recession during the third quarter. The advance GDP report showed an annual rate of decline of 0.4%. While this could be revised to a small plus, DRI-WEFA expects that both the fourth and first quarters will show declines of 1.5-2.0%.

The recession is expected to be mild, with only a 1% peak-to-trough decline. However, it could be more severe if Congress does not pass a stimulus package soon or continues to struggle to complete the fiscal 2003 budget, which provides for large increases in spending.

The shock to consumer spending from the September 11 attacks is being replaced by a shock from declining income growth. Worries about flying are giving way to worries about jobs and incomes.

The Federal Reserve has lost the battle against recession, but it is still hoping to keep it mild. The Federal Open Markets Committee cut the federal funds target rate another 50 basis points on November 6. After 10 cuts in 11 months, the target rate now stands at 2.00%, down from 6.50% at the start of the year.

Note: This bulletin, along with previous editions, may be accessed at DCCA's Web site at: [www.commerce.state.il.us](http://www.commerce.state.il.us).



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# ILLINOIS ECONOMIC BULLETIN

Illinois Unemployment Rate Up in December

Vol. 14, No. 5, December/January 2001/2002

The Illinois unemployment rate rose to 5.9 percent in December, up one-tenth of a point from November's rate. Job losses in Manufacturing, Air Transportation, and Retail Trade outpaced hiring in Construction, which finished the year with a 4.5 percent increase, and Finance-Insurance and Real Estate, each of which posted a modest six-tenths of a percent gain for the year. The U.S. unemployment rate stands at 5.8 percent, up from 4.0 percent a year ago.

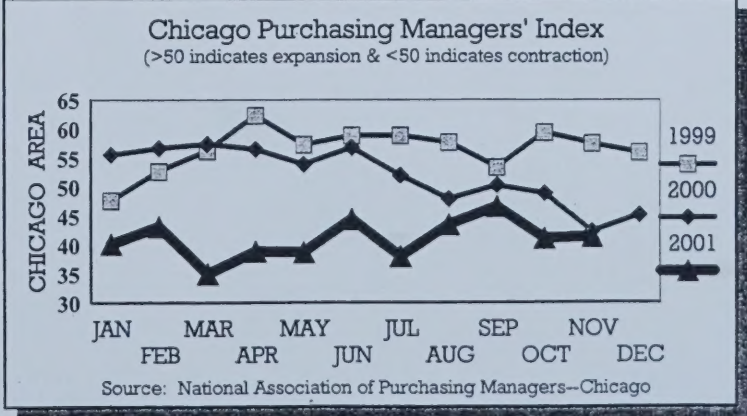
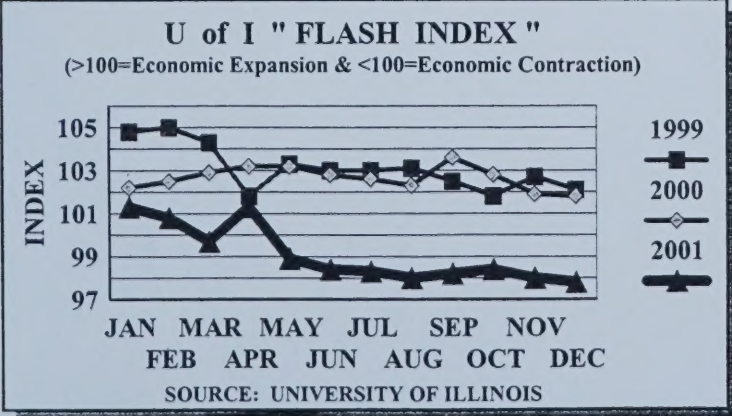
In December, general revenues were up in Illinois by \$124 million. While some state tax sources fared well in December--in particular personal income (up \$41 million) and sales taxes (up \$24 million)--over half of the increase was the result of strong federal receipting (up \$71 million). The largest loser was the corporate income tax, as gross receipts were off by \$43 million. Over the first half of FY'02, total general funds revenue is down \$85 million from the same period last year. On a positive note, after starting the 2002 fiscal year with three months of declining revenues, December marks the third consecutive month of increased revenues.

The University of Illinois Flash Index of Economic Growth fell slightly in December to 97.8, down from its November level of 98.0. The Index stood at 101.8 a year ago, but dropped below 100 in March 2001 for the first time in more than nine years and continued a slow decline throughout the year. So far, however, the recession is modest by historical standards. The Index was 85.9 during the recession of the early 1980s and 92.2 during the last recession in 1992. The U of I Flash Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending, and personal income. A reading above 100 indicates that the state's economy is expanding, while a reading below 100 indicates contraction.

## RECENT IL INDICATORS

Unemployment Rate (December '01-SA)	5.9%
Labor Force (December '01-SA)	6,357,000
Labor Force Employed (December '01-SA)	5,981,400
Employment Change (Since December '00-SA)	-87,100
CPI Percentage Change (Dec. '00-Dec. '01-Chicago)	0.8%
Purchasing Managers' Index (December '01-Chicago-SA)	41.4
Annualized Rate of Inflation (November '01--Chicago)	-4.7%
Total Exports (October '00 v. October '01)	-12.9%
Single Family Housing Permits (November '00 v. November '01)	-27.9%
New Car/Truck Registration (November '00 v. November '01)	116.8%

SA-Seasonally Adjusted  
AR-Annual Rate





INTERNET SALES TAX LOSSES CONTINUE TO GROW

State Budget & Tax News recently reported that state revenue losses from untaxed Internet transactions will grow to more than \$45 billion annually in the next five years. The results of the report, which was prepared by two leading experts on e-commerce taxation, are presented in the following table. Illinois' anticipated losses in 2001 place it fifth nationwide. States not appearing in the list do not levy a sales tax.

Internet-Related State and Local Sales Tax Revenue Loss Estimates for 2001 & 2006 (millions)					
State	2001	2006	State	2001	2006
Alabama	\$177.4	\$604.3	Mississippi	\$136.5	\$462.8
Arkansas	143.8	488.0	North Carolina	293.4	1010.9
Arizona	231.1	799.2	North Dakota	26.4	87.6
California	1750.0	5952.0	Nebraska	70.9	238.7
Colorado	200.7	686.4	New Jersey	337.8	1150.0
Connecticut	190.5	648.9	New Mexico	129.1	440.2
District of Columbia	36.7	123.1	Nevada	126.3	441.7
Florida	932.2	3214.0	New York	1052.9	3569.2
Georgia	439.0	1517.8	Ohio	446.7	1502.2
Hawaii	105.1	359.2	Oklahoma	202.8	670.6
Iowa	111.8	372.3	Pennsylvania	446.4	1503.4
Idaho	44.4	151.5	Rhode Island	36.8	124.5
Illinois	532.9	1795.3	South Carolina	153.4	525.0
Indiana	215.5	728.5	South Dakota	39.4	133.4
Kansas	134.4	451.5	Tennessee	362.3	1242.8
Kentucky	158.7	535.5	Texas	1162.1	3957.0
Louisiana	302.6	1008.1	Utah	104.5	359.0
Massachusetts	200.6	683.0	Virginia	238.5	817.0
Maryland	194.4	664.3	Vermont	21.0	71.7
Maine	43.1	146.4	Washington	416.5	1427.3
Michigan	502.9	1696.2	Wisconsin	213.5	721.5
Minnesota	270.6	920.6	West Virginia	70.1	232.4
Missouri	261.6	884.1	Wyoming	26.1	85.2

SOURCE: STATE BUDGET & TAX NEWS, VOLUME 20, ISSUE 22, NOVEMBER 15, 2001

ILLINOIS HIGHLIGHTS

- Illinois is one of the nation's manufacturing leaders, boasting annual value-added productivity by manufacturing of approximately \$96.8 billion in 1999. About three-quarters of the state's manufacturers are located in the Chicago area, with nearly half of Illinois' approximately 18,000 manufacturing plants located in Cook County.
- Food manufacturing, with an annual value added by manufacturing of \$12.7 billion, is the leading industry in the state. Non-electrical machinery, particularly construction, farming, and metalworking machinery, is ranked second, with an annual value added by manufacturing of \$12.6 billion.
- When ranked by value added through manufacturing, the next largest manufacturing industries in Illinois are chemicals (\$11.3 billion), fabricated metal products (\$11.3 billion), computer and electronic products (\$8.7 billion), transportation equipment (\$7.0 billion), and plastics and rubber products (\$6.7 billion).

DRI-WEFA FOURTH-QUARTER 2001 U.S. FORECAST SUMMARY

The recession, which DRI-WEFA believes will be short-lived, will depress activity in all regions of the country. Employment generally peaked in March 2001. Only the South Atlantic, West South Central, and Mountain regions have seen net job gains since that time. The DRI-WEFA post-September 11 forecast anticipates a sharp contraction in the fourth quarter of 2001, with recovery only in the second half of 2002. Almost all regions will experience employment declines. The Northeast and Midwest will show job losses, while the South and West will show tiny net gains of 0.5 percent. Unemployment rates will rise to over 5 percent in all regions for the first time since 1993. Personal income growth will slow to 3.5 percent--1.5 percent in real terms--for 2002. This follows growth for 2001 of 5.2 percent. Only the West South Central region will reach 5 percent income growth next year.

Note: This bulletin, along with previous editions, may be accessed at DCCA's Web site at: [www.commerce.state.il.us](http://www.commerce.state.il.us).



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Springfield, Illinois 62701George H. Ryan - Governor *Q.330.9773005 IL* **ILLINOIS**  
*2002* **RIGHT HERE, RIGHT NOW.** MAR 08 2002 Pam McDonough - Director**ILLINOIS ECONOMIC BULLETIN****BUSINESS BAROMETER BOUNCING BACK**

Vol. 14, No. 6, February 2002

An important early indicator of industrial activity in the Chicago metropolitan area, the Chicago Purchasing Managers report, turned upward to 45.1 in January from 41.5 the previous month. This was the first directional reversal in several months. Among the major categories, Production rose to 50.4 and New Orders increased to 48.7. The categories of Inventories at 32.7 and Prices Paid at 40.7 both declined. An Index reading above 50 indicates industrial expansion and below 50 signifies contraction.

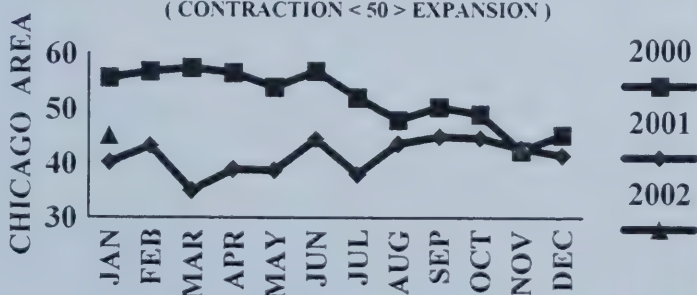
New domestic business incorporations in Illinois slowed last year to 35,448 from 37,552 the previous year. Last year's turbulence affected both in-state and foreign (out-of-state) business formations. The latter decreased to 3,672 incorporation filings from 4,168 in 2000.

The final 2001 yield reports for Illinois crops related that overall grain production was favorable last year despite two periods of extended dry weather during the summer. Both of the major grain crops exceeded the past two years' yield per acre. Corn output was 152 bushels an acre compared to 151 the previous year. The soybean yield reached 45 bushels per acre versus 44 in 2000. Winter wheat output tied the record set in 1997 with 61 bushels an acre last year.

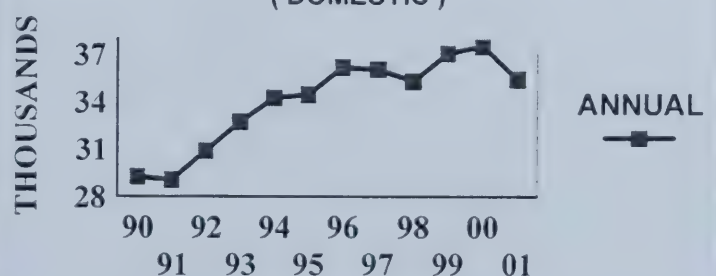
In the first month of 2002, the University of Illinois Flash Economic Index decreased to 97.1 from its 97.8 level in December. According to U of I economists, the reading indicates that despite some signs of recovery, the recession continues in Illinois. They added that the decline which started last March (according to their Index) is still mild by historical standards. Also noted was that corporate tax receipts remain the weakest component of the Index. A year ago in January, the overall Index stood at 101.2. A reading below 100 indicates that the state's economy is contracting.

**RECENT IL. INDICATORS**

Unemployment Rate (January '02-SA)	5.9%
Labor Force (January '02-SA)	6,369,200
Labor Force Employed (January '02-SA)	5,995,900
Employment Change Since January '01-SA)	-65,800
Consumer Price Index Change (Jan. '01 - Jan. '02-Chicago)	-0.1%
Purchasing Managers' Index (January-Chicago-SA)	45.1
Total Exports (November '00-October '01)	-13.2%
Single Family Housing Permits (December '00 vs. December '01)	36.0%
New Car/Truck Registration (December '00 vs. December '01)	44.8%

SA-Seasonally Adjusted  
AR-Annual Rate**CHICAGO PURCHASING MANAGERS' INDEX**  
(CONTRACTION < 50 > EXPANSION)

Source: National Association of Purchasing Managers -- Chicago

**NEW BUSINESS INCORPORATIONS**  
(DOMESTIC)

Source: Illinois Secretary of State



# FORECAST OF CONTINUED ILLINOIS ECONOMIC EXPANSION

Economic growth is predicted to be positive for the state over the next several years, according to a recent forecast by DRI-WEFA (a Standard & Poors/Global Insight company). The international forecasting firm estimates that Illinois’ rate of growth will be very mild in the current year and accelerate the following two years as both the national and state economies rebound. It foresees a \$458 million Gross State Product increase in 2003, reaching \$443.7 billion for the year. If realized, Illinois’ GSP will continue its economic expansion which has been positive since 1991.

DRI-WEFA also expects the state’s total employment to slow in 2002 before returning to the six million plus level in 2003 and 2004. Manufacturing jobs in particular are predicted to decline slightly this year before turning upward the following year. It also estimates that the state’s annual unemployment rate will range near 6 percent over the three year period.

In other areas, DRI-WEFA forecasts modest population and income growth for Illinois, along with moderate retail sales, housing starts and residential acquisition prices during the next several years.

ILLINOIS ECONOMIC FORECASTS			
CATEGORY	2002	2003	2004
GROSS STATE PRODUCT (Real)	0.1 %	3.1 %	2.5 %
PERSONAL INCOME (Current Dollars)	1.9 %	4.7%	4.7%
TOTAL EMPLOYMENT	5,989,420	6,100,300	6,192,000
MANUFACTURING EMPLOYMENT	891,360	895,670	893,520
UNEMPLOYMENT RATE	6.0 %	6.0 %	6.0 %
POPULATION	12,313,000	12,370,000	12,427,000
PER CAPITA INCOME	\$34,199	\$35,646	\$37,159
RETAIL SALES	2.2 %	3.1 %	3.7 %
HOUSING STARTS	51,300	52,500	53,600
MEDIAN PRICE OF SINGLE-FAMILY HOMES	\$211,350	\$218,100	\$223,800
Source: DRI-WEFA			

## ILLINOIS HIGHLIGHTS

- Illinois’ use of digital technology to make government more accessible and to improve services has been ranked the best in the nation, according to a major national survey conducted by The Progress & Freedom Foundation and the Center for Digital Government. The state shared the top placement with Kansas in the 2001 digital state survey. Among the individual categories, Illinois was rated 1st for its digital access in Education, along with Law Enforcement and the Courts.
- The Rockford metropolitan area ranked first for affordability among 186 markets surveyed by the National Association of Home Builders. Its recently released third quarter 2001 “Housing Opportunity Index” rated the Davenport (Iowa)-Moline-Rock Island (Illinois) metro area second, Springfield fourth, Peoria 19th, and Champaign-Urbana 22nd. The index measures the percentage of homes sold that a family earning the median income can afford to buy in each of the 186 markets.

## DRI-WEFA - JANUARY, 2002 U.S. ECONOMIC OUTLOOK

- The forecasting firm reports that the recession of 2001-2002 may be the mildest in the postwar period.
- DRI-WEFA now predicts a peak-to-trough decline of only 0.6 percent.
- It expects that the turnaround will be led by rising federal outlays and the end of inventory liquidation.
- DRI-WEFA anticipates that the recovery will be slow off the mark.
- It relates that there is little pent-up consumer demand for either vehicles or homes, and that exports and investment will lag.
- DRI-WEFA further notes that the S&P 500 index has long since regained its pre-September 11 level.
- It adds that further gains will be hard to come by, however, until profits show genuine signs of recovery.



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# ILLINOIS ECONOMIC BULLETIN

## CONSUMER COSTS CALM

Vol. 14, No. 7, March, 2002

Prices for goods and services in the Chicago metropolitan area were stable in January, matching the December index reading of 177.9. Compared to a year ago, overall costs in the area declined by one-tenth of a percent. The U.S. Bureau of Labor Statistics reported that nationally prices were mixed. It noted that higher prices for gasoline, medical care and some food items were largely offset by lower clothing, car, lodging and computer costs.

Exports from Illinois decreased by 1.4 percent last year, declining by \$442 million. International shipments were positive until the third quarter. They rebounded somewhat in the fourth quarter, but not enough to reverse overall sales for the year. During 2001, exports from Illinois totaled \$31.8 billion.

Illinois' unemployment rate decreased one-tenth of a point to 5.9 percent in January, according to statistics released by the Illinois Department of Employment Security (IDES). It reported that the monthly decline in unemployment follows seven straight months of steady increases and marks the first decline in the jobless level since last April. IDES noted that employer payrolls, however, continued to lag behind a year ago. It cited over the year declines in manufacturing, business services, wholesale trade and air transportation. Gains were recorded in health services, social services, and construction, along with finance, insurance and real estate.

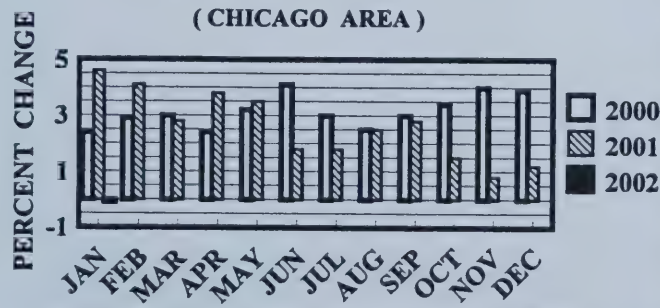
The University of Illinois Flash Economic Index remained constant at 97.0 from its revised January level. According to U of I economists, the reading "...indicates that the recession is not yet over in Illinois." The Index is a weighted average of Illinois' growth rates in corporate earnings, consumer spending and personal income. A reading below 100 indicates that the state's economy is contracting.

### RECENT IL. INDICATORS

Unemployment Rate (January '02 - SA)	5.9%
Labor Force (January '02 - SA)	6,369,200
Labor Force Employed (January '02 - SA)	5,995,900
Employment Change Since January '01 - SA)	-65,800
Consumer Price Index Change (Jan. '01 - Jan. '02 - Chicago)	-0.1%
Purchasing Managers' Index (February - Chicago - SA)	53.1
Total Exports (December '00 - December '01)	-4.7%
Single Family Housing Permits (January '01 vs. January '02)	10.1%
New Car/Truck Registration (January '01 vs. January '02)	-35.0%

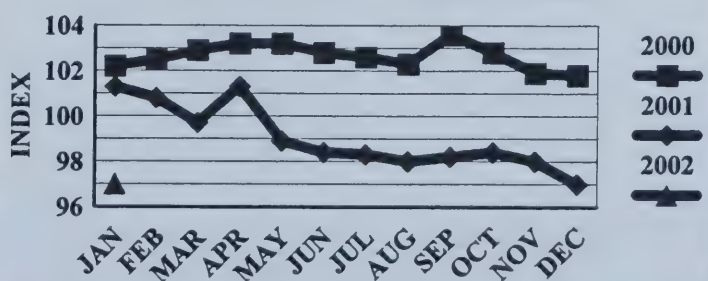
SA-Seasonally Adjusted  
AR-Annual Rate

CONSUMER PRICE INDEX  
(CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR

U of I "FLASH INDEX"  
(Economic Contraction < 100 > Economic Expansion)



SOURCE: UNIVERSITY OF ILLINOIS



STATEWIDE HOME SALES REMAIN ROBUST

The housing market in Illinois continued its expansion last year with both the number of homes sold and prices increasing. The Illinois Association of REALTORS (IAR) reported that existing single-family home sales increased 0.8 percent across the state in 2001, reaching 107,311. It noted that the housing market remained steady even with a weakening economy. The IAR cited the low interest rates as a factor and related that nearly two-thirds of households in Illinois own a home.

Statewide home prices for the year ranged from \$454,500, the median price reported in the Barrington area, to \$47,000, the median price of a home in the Kewanee area. The overall cost of a home in Illinois rose 7.1 percent last year to \$150,800 from \$140,000 in 2000.

MEDIAN SALES PRICE OF AN EXISTING SINGLE - FAMILY HOME				
MARKET AREA	2001 HOMES	2000 PRICES	2001 PRICES	2000-2001 %CHANGE
BELLEVILLE	2,485	\$89,400	\$90,800	1.6%
CHAMPAIGN COUNTY	2,710	96,600	99,800	3.3
CHICAGO	10,020	141,600	162,000	14.4
ELGIN	3,314	152,000	168,500	10.9
GREATER AURORA	2,875	156,000	170,000	9.0
GREATER GATEWAY (ST.L. METRO EAST)	3,463	77,200	82,200	6.5
LAKE COUNTY	6,732	171,000	179,300	4.9
MCHENRY COUNTY	4,359	174,100	184,900	6.2
NORTH SHORE	4,294	391,700	419,900	7.2
NORTHWEST SUBURBS	4,431	237,600	258,000	8.6
PEORIA AREA	4,235	88,300	91,200	3.3
QUAD-CITIES AREA	1,720	76,900	81,100	5.5
ROCKFORD	5,136	95,300	100,400	5.4
SPRINGFIELD (CAPITAL AREA)	3,015	85,300	86,800	1.8
SOUTHERNMOST IL. (EGYPTIAN AREA)	2,219	58,300	62,800	7.7
SOUTH/SOUTHWEST SUBURBS	8,835	122,900	131,400	6.9
WESTERN SUBURBS	12,565	209,000	227,300	8.8
WILL-GRUNDY	5,907	148,800	160,400	7.8
STATEWIDE TOTALS	107,311	\$140,800	\$150,800	7.1%
CHICAGO SMSA	68,660	175,700	189,900	8.1
Source: Illinois Association of REALTORS				

ILLINOIS HIGHLIGHT

- Illinois received the top state ranking by **Site Selection** magazine in its annual listing that recognizes new industrial business locations and expansions. In the same report, Chicago was rated the Number 1 metropolitan area with a total of 884 new or expanded facilities added last year. Additionally, Peru, Danville and Effingham were listed among the top 20 small towns for corporate facilities. The trade publication is used by private developers in evaluating potential places for growth opportunities.

DRI-WEFA - FEBRUARY, 2002 U.S. ECONOMIC OUTLOOK

- The forecasting firm reports that the recession of 2001-2002 is ending and that January may mark the bottom. DRI-WEFA relates that the consumer and government prevented a deep economic correction. It expects that more government spending and a probable inventory turn will lead us out of the recession.
- DRI-WEFA anticipates that the recovery will be slow off the mark, but will gather steam toward the end of the year. It forecasts that continuing increases in federal spending during 2003, plus the bottoms of the export and investment slumps late this year, will produce 4 percent real growth for 2003.
- DRI-WEFA believes that the Federal Reserve is finished lowering interest rates for this cycle and will start raising them in the spring. It adds that corporate profits will start to recover from recent depressed levels, with year-over-year gains evident by summer. DRI-WEFA further notes that by the fourth quarter, corporate profits could be up 17 percent from a year earlier. It estimates, however, that profits will be weak for the next two quarters.



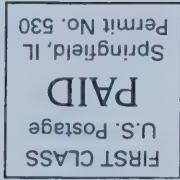
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# ILLINOIS ECONOMIC BULLETIN

## EMPLOYMENT IN STATE TOPS 6 MILLION

Vol. 14, No. 8, April, 2002

The number of people employed in Illinois topped 6 million for the first time since July 2001, according to data provided by the Illinois Department of Employment Security (IDES). It reported that there was a monthly increase of 17,200 jobs which raised the total number of workers to 6,014,200 in February. The IDES also related that the number of unemployed workers decreased for the second straight month, down 7,500 to 367,200. It noted, however, that employer payrolls remain down as businesses wait to gauge the strength of the economy.

Illinois' diverse Services sector continues to hold the top spot with 1,859,500 employees among the state's workforce classifications. Services encompasses a wide range of job titles ranging from entry-level to doctors. Last year was the first time in over a decade that Services' employment level declined by 5,100. Wholesale and Retail Trade with 1,355,200 workers also experienced a slight decrease by 7,900, due mainly to a softness in the Wholesale sector. Manufacturing, with 907,800 jobs, posted the largest drop of 37,900 positions. Some decreases were offset by gains in several other categories. Employment in Illinois declined by 40,300 during 2001.

The Mortgage Bankers Association of America reported that the percent of past due conventional loans in Illinois was slightly below the U.S. average during the 2001 fourth quarter. Its data indicated that 3.14 percent of in-state borrowers were delinquent compared to 3.23 percent nationally. Conversely, totals for all loans were reversed, with Illinois mortgagees' 5.17 percent past due to 5.05 percent for the U.S.

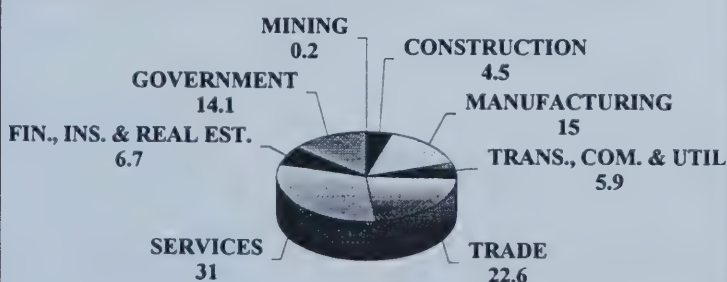
The University of Illinois Flash Economic Index was 96.3 in March from 97 in February. According to U of I economists, the reading indicates that the state is undergoing a slower recovery than the nation.

## RECENT IL. INDICATORS

Unemployment Rate (February '02 - SA)	5.8%
Labor Force (February '02 - SA)	6,381,400
Labor Force Employed (February '02 - SA)	6,014,200
Employment Change Since February '01 - SA)	-39,900
Consumer Price Index Change (Feb. '01 - Feb. '02 - Chicago)	0.1%
Purchasing Managers' Index (March- Chicago - SA)	55.7
Total Exports (January '01 - January '02)	-6.7%
Single Family Housing Permits (February '01 vs. February '02)	13.0%
New Car/Truck Registration (February '02 vs. January '02)	-11.1%

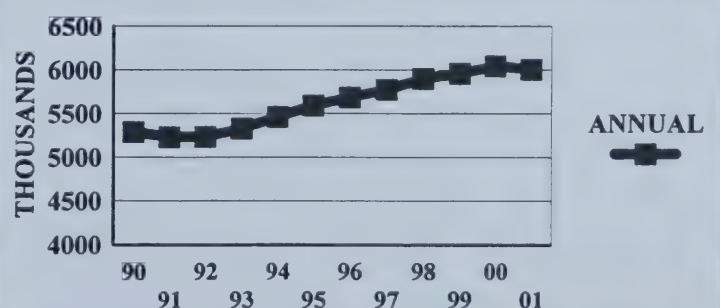
SA-Seasonally Adjusted  
AR-Annual Rate

## 2001 NONAGRICULTURAL EMPLOYMENT %



SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY

## ILLINOIS NONAGRICULTURAL EMPLOYMENT



SOURCE: IL. DEPT. OF EMPLOYMENT SECURITY



“AMERICA’S MOST ADMIRER COMPANIES” INCLUDE 35 ILLINOIS FIRMS

Selected by their peers, **Fortune** magazine’s 2002 survey of the “America’s Most Admired Companies” listed 35 Illinois headquartered firms in its latest annual list. The magazine noted that this year’s roster included companies that “...seem to perform at their best when the heat is on, consistently delivering to shareholders, customers and employees.”

In compiling the 2002 list, 10,000 executives, directors and securities analysts were surveyed using eight criteria. In total, 530 companies was selected from 58 industries. Illinois firms that were rated tops in their particular industry include: Caterpillar, CDW Computer Centers, Donnelley (R.R.) & Sons, Fortune Brands and Walgreens.

ILLINOIS FIRMS ON FORTUNE MAGAZINE’S “MOST ADMIRER” LIST			
COMPANY	LOCATION	COMPANY	LOCATION
Abbott Laboratories	Abbott Park	Navistar International	Chicago
Ace Hardware	Oak Brook	Newell Rubermaid	Freeport
Alberto-Culver	Melrose Park	Ryerson	Chicago
Allstate	Northbrook	Sara Lee	Chicago
Bank One	Chicago	Sears Roebuck	Hoffman Estates
Baxter International	Deerfield	Servicemaster	Downers Grove
Boeing	Chicago	Smurfit-Stone Container	Chicago
Caterpillar	Peoria	State Farm Insurance	Bloomington
CDW Computer Centers	Vernon Hills	Tellabs	Lisle
Comdisco	Rosemont	Tribune	Chicago
Deere	Moline	TruServ	Chicago
Donnelley & Sons (R.R.)	Chicago	UAL	Elk Grove Township
Fortune Brands	Lincolnshire	United Stationers	Des Plaines
Grainger (W.W.)	Lake Forest	USFreightways	Chicago
Household International	Prospect Heights	USG	Chicago
Illinois Tool Works	Glenview	Walgreens	Deerfield
McDonald’s	Oak Brook	Wallace Computer Services	Lisle
Motorola	Schaumburg		
Source: Fortune magazine			

ILLINOIS HIGHLIGHTS

- The April 15, 2002 issue of **Forbes** magazine listed 50 Illinois firms among its “Super 500.” In its recent edition, it reported that Boeing led all the companies in the state for sales and profits. Bank One placed first in Illinois for assets, with Abbott Laboratories ranking tops for market value.
- Over the last three years, Illinois has led the nation in arranging permanent adoptions for at-risk children and in reducing the number of kids in temporary care.

DRI-WEFA - MARCH 2002 U.S. ECONOMIC OUTLOOK

- The forecasting firm reports that the recession of 2001 is over. It adds that even manufacturing has turned around.
- DRI-WEFA relates that the recession was the mildest on record. It mentions that without the September 11 terrorist attacks, the National Bureau of Economic Research would not have quickly declared a recession.
- It anticipates that the recovery is likely to be as unremarkable as the recession.
- DRI-WEFA notes that the pent-up demand that drives strong recoveries does not exist this time. It reports that consumers have continued to buy big-ticket items and businesses still have little reason to step up investment.
- It forecasts that by spring, business investment will begin to turn around, employment will start to rise, and ongoing increases in defense spending will put the recovery on solid ground.
- DRI-WEFA expects that business profit margins will remain under severe pressure for some time, given the widespread lack of pricing power. It adds that it will be difficult for profits to rise fast enough to justify increases in already high stock price multiples.

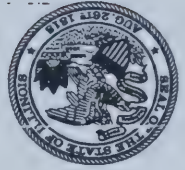


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Illinois Department of Commerce and Community Affairs  
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# ILLINOIS ECONOMIC BULLETIN

## PER CAPITA PERSONAL INCOME GROWTH ABOVE U. S. RATE

Vol. 14, No. 9, May 2002

Per Capita personal income in Illinois grew by 2.8 percent last year according to data released by the U.S. Department of Commerce. This was slightly above the 2.7 percent national average for 2001. Illinois also moved up to the ninth position among the states with per capita personal income of \$32,755. This amount is 8.2 percent above the U.S. average of \$30,271. For the state, growth occurred in seven of the 10 major industries. The leaders were: Mining; Finance, Insurance and Real Estate; and Services. Declines occurred in: Durable Goods Manufacturing, Wholesale Trade, and Farming.

The March spike in the state's unemployment level, coupled with declines in private sector payroll jobs, suggest that Illinois' economy, like the nation's, has not shaken off the effects of the recession yet, according to the Illinois Department of Employment Security. It noted that Manufacturing jobs were down 38,600 since last March. Declines were also reported in Services, with a decrease of 27,900; Transportation-Communications-Public Utilities, which shed 11,000 positions; and in Wholesale Trade, which dropped 10,900 jobs since a year ago.

Prices Illinois farmers received from the products they sold rose 3.4 percent last year, according to preliminary data from the U.S. Department of Agriculture. Gains were recorded in crops, along with livestock and products sales, which were valued at \$5.5 billion and \$1.7 billion respectively. Illinois' \$7.2 billion total remained eighth largest for cash receipts from farm marketings during 2001.

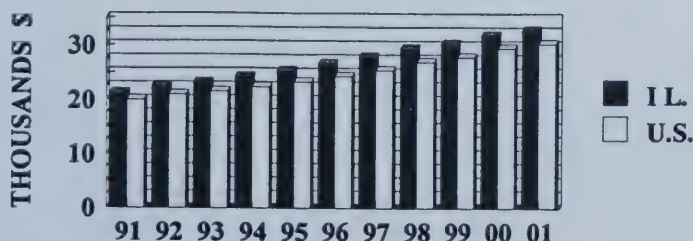
The University of Illinois Flash Economic Index registered 95 during April, down from its 96.3 level in March. According to U of I economists, the reading indicates a contraction of the state economy.

## RECENT IL. INDICATORS

Unemployment Rate (March '02 - SA)	6.1%
Labor Force (March '02 - SA)	6,368,000
Labor Force Employed (March '02 - SA)	5,982,100
Employment Change Since March '01 - SA)	-57,900
Consumer Price Index Change (March '01 - March '02 - Chicago)	1.5%
Purchasing Managers' Index (April - Chicago - SA)	54.7
Total Exports (February '01 - February '02)	2.3%
Single Family Housing Permits (March '01 vs. March '02)	-4.5%
New Car/Truck Registration (March '02 vs. February '02)	10.3%

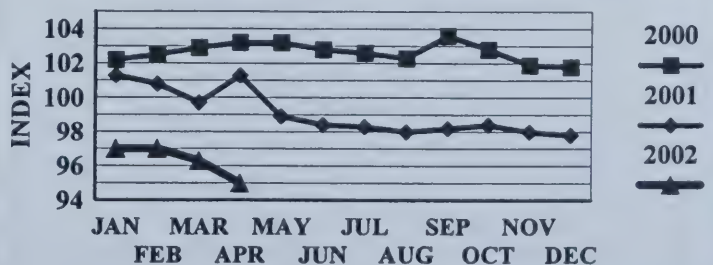
SA-Seasonally Adjusted  
AR-Annual Rate

## PER CAPITA PERSONAL INCOME (1991 - 2001)



SOURCE: U. S. DEPT. OF COMMERCE

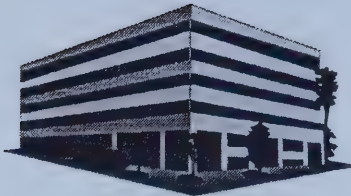
## U of I "FLASH INDEX" (Economic Contraction < 100 > Economic Expansion)



SOURCE: UNIVERSITY OF ILLINOIS



# FORTUNE 500 LISTS 36 ILLINOIS FIRMS



There are 36 Illinois-headquartered companies in Fortune magazine’s rankings of the largest U.S. industrial and service corporations. Illinois firms accounted for over \$506.3 billion, or 6.8 percent of the Fortune 500 companies’ total revenue last year. The half-trillion-dollar amount was a 9.5 percent increase over last year’s total and is comparable in size to this year’s estimated Illinois Gross State Product.

Last year saw several major changes to the list of the largest corporations headquartered in Illinois. Boeing’s decision to relocate its main office in Chicago was a significant addition. Quaker Oats still has its headquarters in Chicago, but it’s no longer on the Fortune 500 list since its acquisition by PepsiCo. Dean Foods retained its name when it was purchased by Suiza Foods, but the home office was established in Dallas. FMC separated into two different companies with the larger one headquartered in Philadelphia and the sizeable FMC Technologies located in Chicago. Additionally, Chicago-based TruServ moved below the 500 list, at number 513, along with Lisle-headquartered and technology-intensive Tellabs. Chicago-based Equity Office Properties became a new addition to the magazine’s roster this year.

Other large Illinois-headquartered firms that are near the Fortune 500 size (revenue of over \$3 billion) are: #513 TruServ (Chicago), #516 Ace Hardware (Oak Brook), #528 Pactiv (Lake Forest), #538 IMC Global (Lake Forest), #560 Telephone & Data Systems (Chicago), #570 Nicor (Naperville), #572 Unitron (Chicago), #583 Alberto Culver (Melrose Park), and #592 USFreightways (Chicago).

## FORTUNE 500 COMPANIES IN ILLINOIS

IL.	500		REVENUE	IL.	500		REVENUE
RANK	RANK	COMPANY	BILLIONS	RANK	RANK	COMPANY	BILLIONS
1	16	Boeing	\$58.20	19	247	Aon	\$7.68
2	25	State Farm	46.71	20	248	Baxter International	7.66
3	32	Sears Roebuck	41.08	21	270	Newell Rubbermaid	6.91
4	56	Motorola	30.00	22	280	Navistar International	6.72
5	57	Allstate	28.87	23	308	Servicemaster	5.81
6	78	Walgreen	24.62	24	327	Fortune Brands	5.32
7	79	Bank One	24.53	25	328	R.R.Donnelley & Sons	5.30
8	98	Caterpillar	20.45	26	333	Tribune	5.25
9	100	Archer Daniels Midland	20.05	27	350	W.W. Grainger	4.75
10	115	Sara Lee	17.75	28	414	CDW Computer Cntrs.	3.96
11	123	Abbott Laboratories	16.29	29	422	United Stationers	3.93
12	125	UAL	16.14	30	442	Brunswick	3.68
13	135	Exelon	15.14	31	465	Tenneco Automotive	3.36
14	139	McDonald’s	14.87	32	472	USG	3.30
15	147	Household International	13.92	33	474	Northern Trust Corp.	3.26
16	154	Deere	13.29	34	480	Comdisco	3.20
17	197	Illinois Tool Works	9.70	35	488	Anixter International	3.14
18	231	Smurfit-Stone Container	8.38	36	491	Equity Office Props.	3.13

Source: Fortune magazine

## ILLINOIS HIGHLIGHTS



- Ford Motor Company has two new vehicles slated to be built at its Chicago assembly plant. In recent announcements, Ford indicated that it will build the CrossTrainer and the Five-Hundred at this facility. Both are models which contain features of a sedan and a sport-utility vehicle.
- Illinois has been designated as the first state to receive the 2000-2001 Five-Star Policy Program Award for literacy from the International Reading Association, which has membership in nearly 100 countries. The state was recognized for Illinois Reads, an initiative of teacher training and reading kits for primary grades.

## DRI-WEFA - APRIL 2002 U.S. ECONOMIC OUTLOOK

- The forecasting firm reports that the economy posted strong growth in the first quarter, not from final demand, but from slower inventory decumulation. DRI-WEFA relates that the inventory cycle will boost the second quarter also. After that, continuing expansion depends upon a revival of business investment and sustained increases in consumer spending. It notes that the consumer is quite dependable, but its optimism is vulnerable to oil price increases, ongoing revelations of corporate accounting “mistakes,” or failure of businesses to resume hiring.

For more information, contact:  
Larry Michaud, Illinois Department of Commerce and Community Affairs  
217/557-1820 ■ 800/785-6055 (TDD)



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## ILLINOIS ECONOMIC BULLETIN

## APRIL UNEMPLOYMENT UP TO 6.3 PERCENT

Vol. 14, No. 10, June 2002

The Illinois unemployment rate increased 0.2 percent to a seasonally-adjusted 6.3 percent in April, according to the Illinois Department of Employment Security (IDES). The total number of people employed in Illinois declined by 58,200 to 5,925,400, while total unemployment increased 13,500 to 401,300.

IDES's monthly survey of Illinois businesses indicates a 1.7 percent decline in private sector employment since April 2001, with all major economic sectors experiencing employment losses to varying degrees. The sharpest declines occurred in the Construction (-5.3%); Transportation, Communication, and Public Utilities (-3.5%); and Manufacturing (-3.4%) sectors. The Finance, Insurance and Real Estate (-0.4%) and Retail Trade (-0.8%) sectors experienced more modest declines. The large and diverse Services sector, which accounts for more than 1.8 million jobs in Illinois, declined by 1.3 percent.

## CONSUMER PRICES EDGE UP 0.6 PERCENT IN APRIL

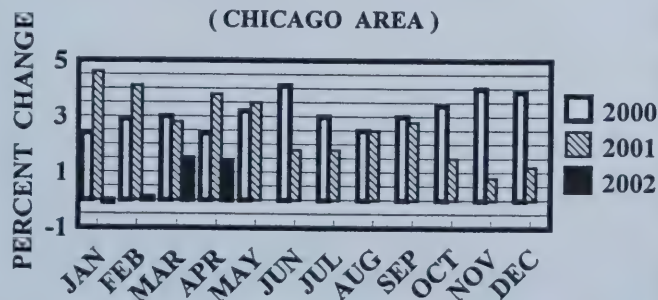
The Consumer Price Index (CPI), as reported by the U.S. Department of Labor, increased 0.6 percent in the Chicago metro area for the second month in a row. Overall prices are up 1.4 percent from April 2001 levels. This modest inflation rate is largely attributable to decreases in energy costs, including declines of 28.9 percent for natural gas and 9.0 percent for motor fuel.

## FLASH INDEX

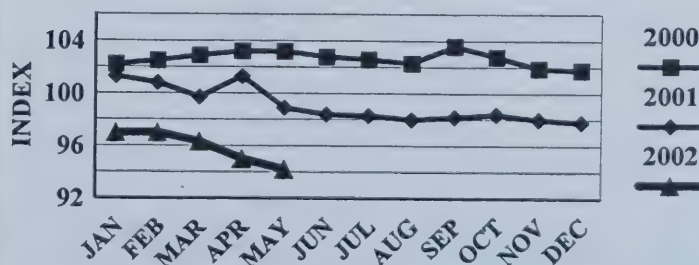
The University of Illinois Flash Economic Index declined to 94.2 from its 95 level in April. This is the 13th consecutive month of negative growth and marks the index's lowest reading in more than a decade.

## RECENT IL INDICATORS

Unemployment Rate (April '02 - SA)	6.3%
Labor Force (April '02 - SA)	6,326,700
Labor Force Employed (April '02 - SA)	5,925,400
Employment Change Since April '01 - SA)	-103,700
Consumer Price Index Change (April '01 - April '02 - Chicago)	1.4%
Total Exports (March '01 - March '02)	-33.9 %
Purchasing Managers' Index (April - Chicago - SA)	60.8
Single Family Housing Permits (March '01 vs. March '02)	-4.4%
New Car/Truck Registration (March '02 vs. February '02)	10.3%

SA-Seasonally Adjusted  
AR-Annual RateCONSUMER PRICE INDEX  
(CHICAGO AREA)

SOURCE: U. S. DEPARTMENT OF LABOR

U of I " FLASH INDEX "  
(Economic Contraction < 100 > Economic Expansion)

SOURCE: UNIVERSITY OF ILLINOIS



PER CAPITA PERSONAL INCOME IN METROPOLITAN AREAS

Eight of the 10 metropolitan statistical areas (MSAs) in Illinois ranked among the top half of the nation’s 318 MSAs in per capita personal income in 2000, according to the Bureau of Economic Analysis. Four Illinois metro areas ranked in the top 75: Chicago (22<sup>nd</sup>), St. Louis, MO-IL (52<sup>nd</sup>), Bloomington-Normal (74<sup>th</sup>), and Springfield (75<sup>th</sup>). Nationally, per capita personal income ranged from a high of \$57,400 in San Francisco to a low of \$13,350 in McAllen-Edinburg-Mission, Texas.

Bloomington-Normal experienced the greatest growth in per capita personal income between 1999 and 2000 with 6.2 percent, followed closely by Chicago (6.1%), Champaign-Urbana (6.0%), and Kankakee (5.8%). The slowest Illinois growth was recorded in Decatur (3.3%), followed by Peoria-Pekin (3.5%) and Rockford (3.7%).

METROPOLITAN PER CAPITA PERSONAL INCOME				
METRO AREA	1999	2000	% GROWTH	RANK AMONG U.S. MSAs
Chicago	\$33,632	\$35,336	6.1%	22
St. Louis, MO-IL	\$29,855	\$31,354	5.5%	52
Bloomington-Normal	\$28,244	\$29,670	6.2%	74
Springfield	\$28,286	\$29,651	4.9%	75
Peoria-Pekin	\$26,893	\$27,908	3.5%	111
Decatur	\$26,479	\$27,516	3.3%	124
Quad Cities, IA-IL	\$25,713	\$27,005	4.8%	134
Rockford	\$25,570	\$26,253	3.7%	154
Champaign-Urbana	\$24,049	\$25,331	6.0%	182
Kankakee	\$22,740	\$24,010	5.8%	230
Illinois Average	\$30,301	\$31,856	5.1%	NA
U.S. Average	\$27,843	\$29,469	7.0%	NA
U.S. Metropolitan Average	\$29,569	\$31,332	7.3%	NA
Source: U.S. Department of Commerce, Bureau of Economic Analysis, May 2002				

ILLINOIS HIGHLIGHTS

- Ford Motor Company announced on May 16 that nine suppliers employing perhaps 1,000 workers will be part of Ford’s first U.S. supplier manufacturing campus, located near the automaker’s Chicago Assembly plant where the CrossTrainer and Five Hundred models will be produced. The suppliers are: Sanderson, Tower Automotive, ZF-Lemforder, Visteon, S-Y Systems, Summit Polymers, Plastech Engineered Products, and Brose North America. The 155-acre campus, scheduled to open in 2003, is located on a reclaimed “brownfield” site that has been vacant for 40 years.
- Site Selection** magazine listed ABN AMRO North American’s decision to build a \$500 million office tower in Chicago as one of a worldwide economic development “Top Ten Deals of 2001.” The accompanying article added that plans have been completed to build an adjacent 30-story tower that will span 1.2 million square feet. Boeing’s headquarters relocation to Chicago last year was also noted in the publication’s May edition.
- Several hospitals in the Chicago metropolitan area were ranked highly in a recent issue of the American Association of Retired Persons **Modern Maturity** magazine’s “50 Top Hospitals” among 4,500 rated nationwide. Northwestern Memorial Hospital of Chicago was listed fifth, Advocate Lutheran General Hospital of Park Ridge was 10th and Rush-Presbyterian-St.Luke’s Medical Center of Chicago was 11th.

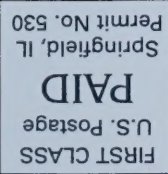
DRI-WEFA - MAY 2002 U.S. ECONOMIC OUTLOOK

- DRI-WEFA attributes the brisk 5.6 percent increase in GDP during the first quarter of 2002 in part to a build-up of inventories. Real final demand grew by a more modest 2.6 percent. The firm anticipates a significant boost in final demand by the end of the year, which will eventually be needed to sustain growth, but acknowledges that a variety of factors could upset the timing of the increase.
- DRI-WEFA reports that the second quarter is evolving as a “reduced repeat of the first.” Manufacturing activity continues to increase, though less rapidly than in the previous two months. Consumers continue to increase spending, though not quite as quickly. Employment is holding steady, as factories are relying on overtime rather than new hires to step up production.



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# ILLINOIS ECONOMIC BULLETIN

## MAY UNEMPLOYMENT FALLS TO 6.3 PERCENT

Vol. 14, No. 11, July 2002

The Illinois unemployment rate declined 0.1 percent from April's revised level to a seasonally adjusted 6.3 percent in May, according to the Illinois Department of Employment Security (IDES). The national unemployment rate was 5.8 percent in May, down from 6.0 percent in April.

IDES Director Gertrude W. Jordan characterized the unemployment decline as good news, but noted that unemployment is still well above the 5.2 percent level from a year ago. Businesses are seemingly keeping payroll down until they are more confident that the economic rebound will be sustained.

## PURCHASING MANAGERS' INDEX DIPS FROM MAY'S FIVE-YEAR HIGH

The Purchasing Managers' Index for Chicago declined from a five-year high of 60.8 in May to 58.2 in June. June marks the fifth consecutive month that the index has exceeded 50.0, indicating industrial expansion. The employment index is moving towards neutrality at 48.9, while the production index increased again to 65.9. Index values for new orders (61.4), order backlogs (53.2), and supplier deliveries (58.2) also suggest continued expansion. Inventories inched up slightly.

## FLASH INDEX

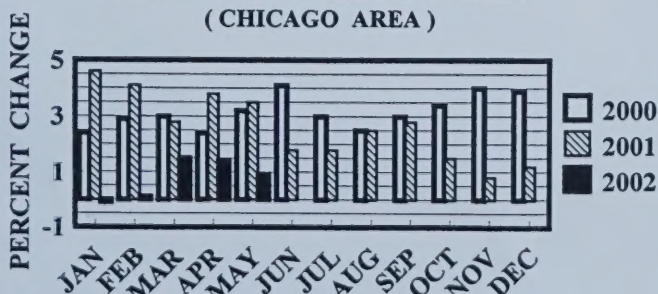
The University of Illinois Flash Economic Index increased from 94.2 in May to 95.0 in June, registering the first increase in the index in eight months. The Flash Index, a weighted index of corporate earnings, personal income, and consumer spending, suggests that the slowdown of the past year is moderating.

## RECENT IL INDICATORS

Unemployment Rate (May '02 - SA)	6.3%
Labor Force (May '02 - SA)	6,311,800
Labor Force Employed (May '02 - SA)	5,916,000
Employment Change Since May '01 - SA)	-109,300
Consumer Price Index Change (May '01 - May '02 - Chicago)	0.9%
Total Exports (April '01 - April '02)	-24.1%
Purchasing Managers' Index (June - Chicago - SA)	58.2
Single Family Housing Permits (May '02 vs. May '01)	-1.1%
New Car/Truck Registration (May '02 vs. May '01)	19.9%

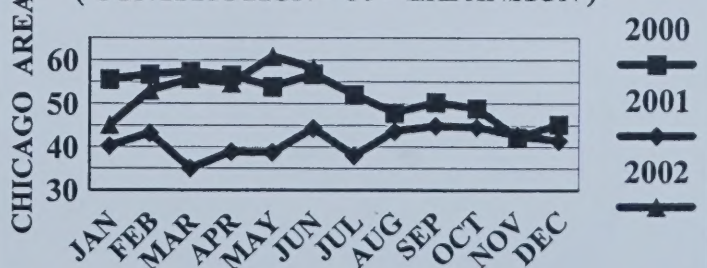
SA-Seasonally Adjusted  
AR-Annual Rate

## CONSUMER PRICE INDEX (CHICAGO AREA)



SOURCE: U. S. DEPARTMENT OF LABOR

## PURCHASING MANAGERS' INDEX (CONTRACTION < 50 > EXPANSION)



Source: National Association of Purchasing Managers -- Chicago



# LARGEST EXPORT MARKETS FOR ILLINOIS

NAFTA trading partners Canada and Mexico together purchased \$11.8 billion in goods from Illinois firms in 2001, accounting for 37 percent of Illinois' exports. Canada's \$8.2 billion in purchases accounted for 26 percent of Illinois' exports, despite a 3.6 percent decline in volume from 2000 levels. Mexico's \$3.6 billion in 2001 marked a 6.5 percent increase from the year before. Japan was the third-largest market for Illinois with \$1.6 billion, followed closely by the United Kingdom and Germany. Other top markets include Belgium, China, Brazil, Australia, and the Netherlands.

Overall, Illinois' total exports in 2001 declined a modest 1.4 percent from the year before, due largely to the soft global economy. Exports to some of Illinois' major trade partners were much more volatile. Exports to Brazil and China, each with large populations and modernizing economies, increased 38.3 percent and 20.8 percent, respectively. The sharpest decline occurred with Japan (-21.3%), a mature economy experiencing a prolonged economic slump.

Largest Export Markets for Illinois (Millions of Dollars)			
Country	2000	2001	% Change
Canada	\$8,521	\$8,213	-3.6%
Mexico	\$3,385	\$3,604	6.5%
Japan	\$1,984	\$1,562	-21.3%
United Kingdom	\$1,677	\$1,557	-7.2%
Germany	\$1,455	\$1,457	0.1%
Belgium	\$1,425	\$1,284	-9.9%
Peoples' Republic of China	\$1,025	\$1,235	20.6%
Brazil	\$802	\$1,109	38.3%
Australia	\$1,003	\$1,031	2.8%
Netherlands	\$1,128	\$994	-11.9%
Total	\$32,249	\$31,807	-1.4%
Source: Massachusetts Institute for Social and Economic Research			

## ILLINOIS HIGHLIGHTS

- Deere & Company ranked highest in a **Crain's Chicago Business** survey of the trustworthiness of 14 prominent Illinois companies. The company received a rating of 7.9 for product quality (on a scale of 1 to 9, with 9 being the best). Other companies with ratings above 7.0 include Kraft Foods; Sears, Roebuck; Wrigley; Sara Lee; Motorola; Boeing; and Walgreen.
- Illinois ranks best in the Midwest in the **Progressive Policy Institute's** 2002 State New Economy Index. The index incorporates 21 measures intended to reflect the concentration of "knowledge" jobs, focus on global markets, economic dynamism, engagement in the digital economy, and innovation capacity of each state. The full report can be accessed at [www.neweconomyindex.org/states/2002/index.html](http://www.neweconomyindex.org/states/2002/index.html).
- Business Week's** listing of 100 "Hot Growth Companies," based on sales growth, return on invested capital, and earnings growth, included five Illinois firms. They include DeVry (Oakbrook Terrace), Career Education (Hoffman Estates), Option Care (Bannockburn), Argosy Gaming (Alton), and Clarcor (Rockford).

## DRI-WEFA - JUNE 2002 U.S. ECONOMIC OUTLOOK

- DRI-WEFA expects continued modest growth in GDP over the near term. Thus far, the recovery has generated modest business profits (achieved largely through tight control of expenditures) and few jobs. By the fourth quarter of 2002, the forecasting firm expects business to resume hiring and investing.
- DRI-WEFA contends that strong real estate values help to explain strong consumer spending patterns even during the slowdown last year. The increase in wealth embodied in peoples' homes helped to counter the wealth-destroying effect of the stock market slump.
- The dollar is expected to fall in the coming months as foreign investors look to correct their over-commitment to U.S. assets. A fall in the dollar would promote exports (by making U.S. products cheaper) but raise the risk of inflation (by making imports more expensive). The Fed will have to balance the relative risks of sluggish growth and inflation as it considers a possible increase in the federal funds rate later this summer.



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## ILLINOIS ECONOMIC BULLETIN

## JUNE UNEMPLOYMENT REMAINS AT 6.3 PERCENT

Vol. 14, No. 12, August 2002

Unemployment in Illinois remained at 6.3 percent in June, according to figures released by the Illinois Department of Employment Security (IDES). The total number unemployed declined by 1,900, though total employment declined as well. IDES Director Gertrude Jordan states that the effects of the recession are receding. Nationally, the unemployment rate increased 0.1 percent to 5.9 percent.

Overall employment is down by 122,500 from June 2001, with all major sectors experiencing job losses. The Transportation-Communications-Public Utilities sector experienced the sharpest decline at 2.5 percent, while losses were lightest for the Finance-Insurance-Real Estate sector (1.1%).

## JUNE CONSUMER PRICE INDEX UP 0.4 PERCENT

The Chicago-area consumer price index increased by 0.4 percent from its level in May, and is up 1.6 percent from its level last June. Apparel prices declined 3.5 percent. Motor fuel prices increased 0.2 percent in June, but are still 14.2 percent lower than a year ago.

## PURCHASING MANAGERS INDEX FALLS TO 51.5

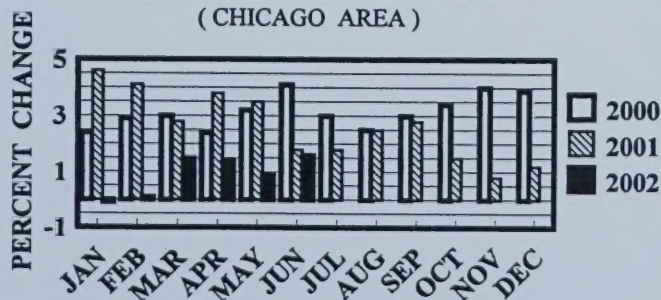
The Chicago Purchasing Managers July composite index value of 51.5 signalled modest economic expansion, but also marked a sharp decline from its June level of 58.2. The production index of 55.9 suggests healthy growth, but the employment index of 46.0 indicates decline.

## FLASH INDEX CLIMBS SLIGHTLY

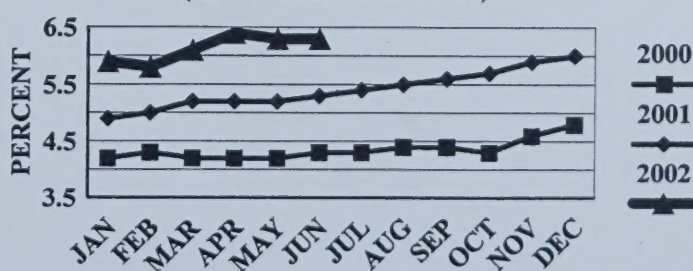
The University of Illinois Flash Index rose to 95.4 in July, up from 95.0 in June. The increase is good news, but the index is still well below 100, the threshold for positive growth.

## RECENT IL INDICATORS

Unemployment Rate (June '02 - SA)	6.3%
Labor Force (June '02 - SA)	6,287,500
Labor Force Employed (June '02 - SA)	5,892,400
Employment Change Since June '01 - SA)	-122,500
Consumer Price Index Change (June '01 - June '02 - Chicago)	1.6%
Total Exports (May '01 - May '02)	-17.2%
Purchasing Managers Index (July - Chicago - SA)	51.5
Single Family Housing Permits (June '02 vs. June '01)	-1.1%
New Car/Truck Registration (June '02 vs. June '01)	-8.6%

SA-Seasonally Adjusted  
AR-Annual RateCONSUMER PRICE INDEX  
(CHICAGO AREA)

SOURCE: U. S. DEPARTMENT OF LABOR

ILLINOIS UNEMPLOYMENT RATE  
(SEASONALLY ADJUSTED)

SOURCE: IL DEPT. OF EMPLOYMENT SECURITY



LARGEST PRIVATE EMPLOYERS IN ILLINOIS

Retailing giant Wal-Mart is the largest private employer in Illinois with 39,700 employees, narrowly edging out Jewel-Osco, operator of a chain of grocery stores and pharmacies concentrated in northern Illinois. Wal-Mart added more than 10,000 employees over the last two years to take the top spot. Other retailers among the top 20 employers include Walgreen (8<sup>th</sup> overall), the Marshall Field's/Target/Mervin family (10<sup>th</sup>), Sears-Roebuck (11<sup>th</sup>), and Dominick's (15<sup>th</sup>).

The Transportation, Communications, and Public Utilities sector accounts for five of the 20 largest employers, including two among the top 10: United Parcel Service (3<sup>rd</sup>) and Ameritech/SBC (8<sup>th</sup>). Four firms from the Finance, Insurance, and Real Estate sector, led by State Farm Insurance (6<sup>th</sup>), made the list. Caterpillar (5<sup>th</sup>) was the largest of the three manufacturers, followed by Motorola (8<sup>th</sup>) and Abbott Laboratories (12<sup>th</sup>). The Service sector is the largest employer in the state, but only two organizations made the top 20, and one of these (the Roman Catholic Archdiocese of Chicago) is not-for-profit. Advocate Health Care (4<sup>th</sup> with 24,600) is the other.

Largest Private Employers in Illinois			
Rank	Company	Business	Employees
1	Wal-Mart	Retail merchandise	39,700
2	Jewel-Osco (Albertson's)	Grocery stores and pharmacies	39,100
3	United Parcel Service	Parcel delivery	25,000
4	Advocate Health Care	Physicians and hospitals	24,600
5	Caterpillar	Heavy equipment manufacturing	24,000
6	State Farm Insurance	Insurance	23,600
7	Walgreen	Pharmacies	22,000
8	Ameritech (SBC)	Communications	20,000
8	Motorola	Communications and electronics manufacturing	20,000
10	Marshall Field's / Target / Mervin	Retail merchandise	18,100
11	Sears-Roebuck	Retail merchandise	17,300
12	Abbott Laboratories	Pharmaceuticals	17,200
13	United Airlines	Air travel	16,200
14	Bank One	Banking	16,000
15	Dominick's Finer Foods	Grocery stores	15,000
16	Archdiocese of Chicago	Religious organization	14,200
17	Commonwealth Edison (Exelon)	Electricity Service	14,000
18	American Airlines	Air travel	11,800
19	Allstate	Insurance	10,800
20	ABN - Amro North America	Financial services	10,400
Sources: Dun & Bradstreet, Illinois Department of Employment Security, and discussions with company personnel. Excludes government bodies and higher education.			

ILLINOIS HIGHLIGHTS

- **Crain's Chicago Business**, citing data from the American Electronics Association, reports that Illinois ranks seventh among states with high-tech exports of \$6.2 billion and sixth in high-tech employment with 221,000.
- **Fortune** magazine ranks five Illinois-headquartered firms among the 50 "Best Companies for Minorities": McDonald's (5<sup>th</sup>), Hyatt (19<sup>th</sup>), Abbott Laboratories (35<sup>th</sup>), Allstate (44<sup>th</sup>), and United Airlines (50<sup>th</sup>). The firms were rated according to factors such as hiring practices and the composition of management.

DRI-WEFA - JULY 2002 U.S. ECONOMIC OUTLOOK

- The economic forecasting firm DRI-WEFA is projecting second quarter GDP growth of only 1.2 percent. Businesses remain hesitant to hire, but they will have little choice once demand picks up later this year, since staffing is at a bare minimum.
- The current wave of corporate scandals has depressed the stock market to a degree unprecedented at this stage of recovery. DRI-WEFA also notes, however, that investor outrage has strengthened the hands of advocates for more financial transparency and executive accountability -- reforms that could ultimately enhance investor confidence in the markets.